

Message Text

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AMEMBASSY PRETORIA
AMCONSUL JOHANNESBURG

UNCLAS STATE 191380

JOHANNESBURG FOR RESOURCES ATTACHE

E.O. 11652: N/A

TAGS: -EMIN

SUBJECT: PRESIDENTIAL NONFUEL MINERALS POLICY REVIEW:
COUNTRY CASE STUDIES
REF:A STATE A-2631
B) STATE 187764

1. AS PART OF A GOVERNMENT-WIDE NONFUEL MINERALS POLICY
REVIEW ORDERED BY THE PRESIDENT STATE HAS BEEN DESIGNATED
LEAD AGENCY FOR A STUDY CENTERING ON THE AVAILABILITY OF
IMPORTED MINERALS SUPPLIES TO THE U.S. AND ALLIED COUNTRIES
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FOR THE PERIOD 1978-2000. THE REVIEW IS ORGANIZED IN TWO
SUCCESSIVE PHASES (PROBLEM AREAS, FOLLOWED BY POLICY
OPTIONS) COORDINATED AT THE CABINET LEVEL BY AN INTER-
AGENCY POLICY COORDINATING COMMITTEE IN ACCORDANCE WITH THE
PRESIDENT'S DOMESTIC POLICY REVIEW SYSTEM. CONCLUSIONS
(WITH POLICY OPTIONS) WILL BE SENT FORWARD IN A MEMORANDUM
TO THE PRESIDENT.

2. AS A MAJOR INPUT INTO THE RESEARCH AND PROBLEM-ANALYSIS
PHASE OF THE REVIEW, THE DEPARTMENT IS UNDERTAKING A SERIES

OF STUDIES OF SELECTED COUNTRIES CONSIDERED TO BE REPRESENTATIVE OF VARIOUS ASPECTS OF THE NONFUEL MINERALS AVAIL-

ABILITY QUESTION. POST CONTRIBUTIONS REQUESTED IN THIS MESSAGE WILL BE AN IMPORTANT COMPONENT OF THESE STUDIES.

3. WE ARE AWARE THAT CONSIDERABLE RELEVANT DATA AND ANALYSIS ARE ALREADY AVAILABLE IN WASHINGTON FROM PAST FOREIGN SERVICE REPORTING AND OTHER SOURCES. HOWEVER, IN ORDER TO ASSURE THE BENEFIT OF POSTS' BEST CURRENT INFORMATION AND JUDGEMENTS EACH ADDRESSEE IS REQUESTED TO PREPARE AN ANALYTICAL PAPER RESPONSIVE TO EACH OF THE QUESTIONS BELOW. WHERE APPROPRIATE, REFERENCE TO PREVIOUS REPORTING MAY BE INCLUDED BUT THE REFERENCED REPORT SHOULD BE SUMMARIZED IN THE NARRATIVE IN ORDER THAT THE RESPONSES MAY BE AS SELF-CONTAINED AS POSSIBLE.

4. CLASSIFIED INFORMATION AND ANALYSIS MAY BE INCLUDED BUT SHOULD BE IDENTIFIED AND ARRANGED SO THAT AS MUCH OF THE REPORT AS POSSIBLE CAN BE EXTRACTED FOR THE PUBLIC DOCUMENTS OF THE STUDY.

5. THE FOLLOWING MINERALS HAVE BEEN SELECTED FOR SPECIAL UNCLASSIFIED

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CONSIDERATION IN THE POLICY REVIEW: ALUMINUM, ASBESTOS, CHROMIUM, COBALT, COPPER, IRON AND SCRAP, LEAD, MANGANESE, NICKEL, PHOSPHATE ROCK, SILVER, AND ZINC. ANY OF THESE MINERALS WHICH THE HOST COUNTRY TRADES IN SIGNIFICANT QUANTITIES SHOULD BE EMPHASIZED IN BOTH THE DATA AND ANALYSIS.

6. THE REVIEW IS TO FOCUS ON THE PEACETIME MINERALS ECONOMY FOR THE REMAINDER OF THE TWENTIETH CENTURY. REPLIES SHOULD BE FORWARD-LOOKING RATHER THAN FOCUSING ON HISTORICAL NARRATIVE. IN RESPONDING TO QUESTIONS POST MAY WISH TO CONSIDER DISTINGUISHING AMONG A RANGE OF ASSUMPTIONS FROM CHRONIC RECESSION TO MODERATE TO HIGH LEVELS OF ECONOMIC ACTIVITY.

7. REPLIES ARE DUE IN THE DEPARTMENT BY SEPTEMBER 15. UNDER A SEPARATE MESSAGE COPIES OF THE PROJECT MANAGEMENT PLAN (PMP) FOR THE STUDY HAVE BEEN POUCHED TO ADDRESSEES (REF A) THIS PMP WAS PREPARED BY THE PROFESSIONAL STAFF OF THE STUDY IN CONSULTATION WITH THE WHITE HOUSE DOMESTIC POLICY STAFF.

QUESTIONNAIRE

1. WHAT ARE THE BEST AVAILABLE PROJECTIONS OF THE HOST COUNTRY'S RATES OF POPULATION AND ECONOMIC (GDP AND, IF

POSSIBLE, REAL GOODS GDP) GROWTH FOR THE PERIODS 1978-1985 AND 1986-2000? (INFLUDE THE ASSUMPTIONS UPON WHICH THE PROJECTIONS ARE BASED). WHAT ARE THEIR IMPLICATIONS FOR THE FUTURE ROLE OF THE HOST COUNTRY IN WORLD MINERALS MARKETS AS A PRODUCER/SUPPLIER AND A CONSUMER/COMPETITOR VIS-A-VIS THE U.S. AND OTHER INDUSTRIALIZED COUNTRIES?

2. PROVIDE THE FOLLOWING DATA (QUANTITY AND VALUE) FOR THE MOST RECENTLY AVAILABLE 5-YEAR PERIOD WHERE APPLICABLE, UNCLASSIFIED

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AND INDICATIONS OF TRENDS:

A. PRODUCTION AND CONSUMPTION OF MAJOR MINERALS PRODUCTS

B. IMPORTS OF MAJOR MINERALS BY PRODUCT AND SOURCE

C. EXPORTS OF MAJOR MINERALS BY PRODUCT AND DESTINATION

D. SIGNIFICANT RECENT OR EXPECTED SHIFTS IN MINERALS PRODUCTION, CONSUMPTION, AND TRADE PATTERNS

E. INDICATIONS OF SIGNIFICANT MONOPOLISTIC OR OLIGOPOLISTIC POWER THE COUNTRY HOLDS OR MAY HOLD IN THE FUTURE IN THE MARKETS FOR MAJOR MINERALS AND AN ASSESSMENT OF THE COUNTRY'S ATTITUDE TOWARD ITS MARKET POWER

G. NET MINERALS TRADE POSITION

H. INFORMATION CONCERNING FLUCTUATIONS IN EXPORT EARNINGS FROM MINERALS, THEIR IMPACT ON THE COUNTRY'S ECONOMY, AND ACTION THE COUNTRY IS TAKING TO ADDRESS PROBLEMS ARISING FROM FLUCTUATIONS

I. INFORMATION CONCERNING MAJOR MINERALS FOR WHICH THE COUNTRY IS HIGHLY IMPORT-DEPENDENT AND CONSIDERS ITSELF VULNERABLE TO SUPPLY DISRUPTIONS AND CONCERNING ACTIONS THE COUNTRY IS TAKING OR CONTEMPLATING TO AVERT PROBLEMS IN THIS AREA

J. LEVEL OF EFFORT THE COUNTRY IS MAKING TO EXPLORE, UNCLASSIFIED

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ASSESS, AND DEVELOP ITS MINERALS RESOURCES.

3. DESCRIBE THE HOST COUNTRY'S MAJOR POLITICAL AND ECONOMIC GOALS AND THEIR RELATIONSHIP TO NATIONAL MINERALS

POLICIES.

4. WHAT INSTITUTIONS AND INTERESTS ARE INVOLVED IN THE MINERALS POLICYMAKING PROCESS?

5. WHAT ARE THE ATTITUDES OF LOCAL OR REGIONAL GOVERNMENTS OR INTERESTS IN THE COUNTRY WHICH HAVE IMPORTANT MINERALS POLICYMAKING ROLES OR ARE CAPABLE OF SHAPING MINERALS POLICIES AT THE NATIONAL LEVEL?

6. GIVEN THE TIME-FRAME OF THIS STUDY WHAT ARE THE VIEWS ON MINERALS POLICY OF ANY OPPOSITION GROUPS WHICH HAVE THE POTENTIAL EITHER TO COME TO POWER AND IMPLEMENT THEIR OWN POLICIES OR TO SECURE CHANGES IN THE POLICIES OF THE PRESENT GOVERNMENT? WHAT IS THE LIKELIHOOD OF THIS HAPPENING?

7. DOES THE COUNTRY HAVE OR IS IT DEVELOPING ECONOMIC, SOCIAL OR POLITICAL ATTITUDES OR PROBLEMS WHICH COULD UNDERMINE ITS FUTURE RELIABILITY AS A SUPPLIER? DESCRIBE. INSTITUTIONS AND ATTITUDES WHICH COULD IMPROVE ITS RELIABILITY AS A SUPPLIER? DESCRIBE.

8. HOW MUCH GOVERNMENT CONTROL IS THERE OVER THE MINERALS INDUSTRY? DOES THE GOVERNMENT REVIEW FOREIGN INVESTMENT PROJECTS AND MINERALS CONTRACTS? WHAT GUIDELINES ARE USED?

9. ARE THERE PARTICULAR INCENTIVES (DISINCENTIVES) TO INVEST IN MINERALS EXTRACTION AND LOCAL PROCESSING? ARE THEY THE SAME FOR DOMESTIC AND FOREIGN INVESTORS?

10. WHAT IS THE COUNTRY'S PREFERRED FORM OF MINERAL DEVELOPMENT--I.E. SOLE OWNERSHIP, JOINT VENTURES, INTERNATIONAL CONSORTIA, MANAGEMENT AND MARKETING CONTRACTS ETC.?

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11. WHAT IS THE EXTENT OF U.S. AND OTHER FOREIGN INVESTMENT IN MINERAL EXTRACTION AND PROCESSING IN THE HOST COUNTRY AND OF THE HOST COUNTRY'S INVESTMENT ABROAD IN THESE INDUSTRIES?

12. IS THE COUNTRY SATISFIED WITH OR SEEKING TO CHANGE THE PRESENT CHARACTER OF U.S AND OTHER FOREIGN INVESTMENT IN ITS MINERAL RESOURCES? IF SO, HOW?

13. HOW DOES THE COUNTRY VIEW EXTRATERRITORIAL APPLICATION OF U.S. LAWS TO U.S. INVESTORS IN ITS MINERALS INDUSTRIES? PROVIDE RELEVANT EXAMPLES.

14. DESCRIBE THE COUNTRY'S TAX AND TARIFF STRUCTURE AS IT APPLIES TO MINERALS. ARE THERE EXPORT TARIFFS OR QUOTAS?

PREFERENTIAL ACCESS TO SUPPLIES FOR DOMESTIC CONSUMERS?

15. BRIEFLY DESCRIBE THE COUNTRY'S PARTICIPATION IN COMMODITY ARRANGEMENTS OR PRODUCERS' ASSOCIATIONS AND ITS APPROACH TO MINERALS ISSUES IN THE NORTH/SOUTH DIALOGUE AND IN MULTILATERAL INSTITUTIONS. WHAT DOMESTIC POLITICAL AND ECONOMIC FORCES AFFECT POLICYMAKING IN THIS AREA?

16. WITH WHICH COUNTRIES OTHER THAN THE U.S. ARE THE HOST COUNTRY'S ECONOMIC AND POLITICAL INTERESTS MOST CLOSELY LINKED? DESCRIBE THE MINERALS ASPECT OF THESE RELATIONSHIPS?

17. IS THE COUNTRY DEPENDENT ON THE U.S. FOR SUPPLIES OF UNCLASSIFIED

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EITHER RAW MATERIALS OR MANUFACTURED GOODS WHICH ARE VITAL TO ITS ECONOMY? ARE THERE READY ALTERNATIVE SOURCES? HOW DOES IT RATE THE RELIABILITY OF THE U.S. AS A SUPPLIER?

18. HOW IMPORTANT IS THE U.S. AS AN EXPORT MARKET FOR THE HOST COUNTRY (GENERALLY AS WELL AS FOR MINERALS)?

19. WHAT ARE THE MAIN PUBLIC AND PRIVATE INSTITUTIONS FOR CONSULTATIONS AND CHANNELS OF COMMUNICATION BETWEEN THE U.S. AND THE HOST COUNTRY ON MINERALS ISSUES? HOW WELL DO THEY WORK?

20. DESCRIBE ANY SIGNIFICANT ECONOMIC OR POLITICAL ISSUES BETWEEN THE U.S. AND THE HOST COUNTRY IN MINERALS TRADE OR INVESTMENT. IS THERE A POTENTIAL FOR FUTURE CONFLICT OVER MINERALS?

21. FROM THE PERSPECTIVE OF U.S. MINERALS INTERESTS, WHAT RECENT U.S. ACTIONS AFFECTING THE HOST COUNTRY HAVE BEEN MORE HELPFUL (HARMFUL)?

22. LOOKING AHEAD, WHAT TRENDS IN U.S. ECONOMIC POLICY WOULD BE MOST HELPFUL (HARMFUL) TO U.S. ECONOMIC RELATIONS WITH THE HOST COUNTRY? HOW COULD COOPERATION BETWEEN THE U.S. AND THE HOST COUNTRY IN THE MINERALS FIELD BE STRENGTHENED TO MUTUAL ADVANTAGE?

23. DOES U.S. FOREIGN POLICY WITH RESPECT TO THE HOST COUNTRY TAKE U.S. MINERALS INTERESTS ADEQUATELY INTO ACCOUNT? IF NOT WHAT CHANGES WOULD BE REQUIRED TO BETTER

PURSUE THESE INTERESTS? HOW WOULD A MORE MINERALS-ORIENTED FOREIGN POLICY AFFECT OTHER U.S. INTERESTS IN THE HOST COUNTRY?

24. FOR CANBERRA: DEPT UNDERSTANDS THIS REQUIREMENT

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COMES AT A BAD TIME FOR POST IN VIEW OF PERSONNEL ROTATIONS IN GENERAL AND HOME LEAVE OF RESOURCES OFFICER MCINTYRE IN PARTICULAR. WITH MCINTYRE'S RETURN TO POST SCHEDULED FOR SEPTEMBER 3, WE TRUST THAT BY SEPTEMBER 15 DEADLINE, POST WILL HAVE BEEN ABLE TO FORMULATE ANSWERS TO THE ABOVE QUESTIONS. VANCE

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